

**STATE OF SOUTH DAKOTA
OFFICE OF PROCUREMENT MANAGEMENT
523 EAST CAPITOL AVENUE
PIERRE, SOUTH DAKOTA 57501-3182**

**International Classification of Diseases version 10 (ICD-10) Implementation Vendor
PROPOSALS ARE DUE NO LATER THAN 03/11/2013 at 5:00 CST**

RFP #: 2078

BUYER: Division of Medical
Services

POC: Mark Close
EMAIL: [Mark.Close@
State.sd.us](mailto:Mark.Close@State.sd.us)

READ CAREFULLY

FIRM NAME: _____ AUTHORIZED SIGNATURE: _____

ADDRESS: _____ TYPE OR PRINT NAME: _____

CITY/STATE: _____ TELEPHONE NO: _____

ZIP (9 DIGIT): _____ FAX NO: _____

FEDERAL TAX ID#: _____ E-MAIL: _____

PRIMARY CONTACT INFORMATION

CONTACT NAME: _____ TELEPHONE NO: _____

FAX NO: _____ E-MAIL: _____

1.0 GENERAL INFORMATION

1.1 PURPOSE OF REQUEST FOR PROPOSAL (RFP)

This is a request for proposals (RFP) from qualified entities interested in providing to the State of South Dakota Department of Social Services (DSS) necessary evaluation, analysis, and implementation planning services, proposing the best solution for the State of South Dakota to become compliant with the International Classification of Diseases version 10 (ICD-10) as the HIPAA standard diagnosis code set authorized by the Centers for Medicare and Medicaid Services (CMS), defined by the HIPAA Administrative Simplification Final Rule announced on January 16th, 2009. The proposed solution must assist the State to become ICD-10 compliant by the Federally-mandated deadline of October 1, 2014.

1.2 ISSUING OFFICE AND RFP REFERENCE NUMBER

DSS is the issuing office for this document and all subsequent addenda relating to it, on behalf of the State of South Dakota, Division of Medical Services. The reference number for the transaction is RFP #2078. Refer to this number on all proposals, correspondence, and documentation relating to the RFP.

Please refer to the Department of Social Services website link <http://dss.sd.gov/rfp/index.asp> for the RFP, any related questions/answers, changes to schedule of activities, etc.

1.3 LETTER OF INTENT

All interested offerors must submit a **Letter of Intent** to respond to this RFP.

The Letter of Intent must be received no later than **02/11/2013**. The Letter of Intent must be submitted to Mark Close via email at: Mark.Close@state.sd.us. Please place the following in the subject line of your email: "**Letter of Intent for RFP 2078.**"

1.4 SCHEDULE OF ACTIVITIES (SUBJECT TO CHANGE)

RFP Publication	<u>01/22/2013</u>
Letter of Intent to Respond Due	<u>02/11/2013</u>
Deadline for Submission of Written Inquiries	<u>02/11/2013</u>
Responses to Offeror Questions	<u>02/22/2013</u>
Proposal Submission	<u>03/11/2013</u>
Oral Presentations/discussions (if required)	<u>03/25/2013</u>
Deadline for Completion of Site Visits (if required)	<u>03/25/2013</u>
Anticipated Award Decision/Contract Negotiation	<u>04/15/2013</u>

1.5 SITE VISITS

The proposal should include information related to site visits as applicable.

1.6 SUBMITTING YOUR PROPOSAL

All proposals must be completed and received by the Department of Social Services, Division of Medical Services by the date and time indicated in the Schedule of Activities.

Proposals received after the deadline will be late and ineligible for consideration.

An original and five identical copies of the proposal shall be submitted.

The cost proposal must be in a separate sealed envelope and labeled "Cost Proposal."

All proposals must be signed in ink by an officer of the responder legally authorized to bind the responder to the proposal, and sealed in the form intended by the respondent. Proposals that are not properly signed may be rejected. The sealed envelope must be marked with the appropriate RFP Number and Title. The words "Sealed Proposal Enclosed" must be prominently denoted on the outside of the shipping container. **Proposals must be addressed and labeled as follows:**

**REQUEST FOR PROPOSAL #2078 - PROPOSAL DUE 03/11/2013
SOUTH DAKOTA DEPARTMENT OF SOCIAL SERVICES
ATTENTION: MARK CLOSE
700 GOVERNORS DRIVE
PIERRE, SD 57501-2291**

All capital letters and no punctuation are used in the address. The above address as displayed should be the only information in the address field.

No proposal may be accepted from, or any contract or purchase order awarded to any person, firm or corporation that is in arrears upon any obligations to the State of South Dakota, or that otherwise may be deemed irresponsible or unreliable by the State of South Dakota.

1.7 CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION – LOWER TIER COVERED TRANSACTIONS

By signing and submitting this proposal, the offeror certifies that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation, by any Federal department or agency, from transactions involving the use of Federal funds. Where the offeror is unable to certify to any of the statements in this certification, the bidder shall attach an explanation to their offer.

1.8 NON-DISCRIMINATION STATEMENT

The State of South Dakota requires that all contractors, vendors, and suppliers doing business with any State agency, department, or institution, provide a statement of non-discrimination. By signing and submitting their proposal, the offeror certifies they do not discriminate in their employment practices with regard to race, color, creed, religion, age, sex, ancestry, national origin or disability.

1.9 MODIFICATION OR WITHDRAWAL OF PROPOSALS

Proposals may be modified or withdrawn by the offeror prior to the established due date and time.

No oral, telephonic, telegraphic or facsimile responses or modifications to informal, formal bids, or Request for Proposals will be considered.

1.10 OFFEROR INQUIRIES

Offerors may email inquiries concerning this RFP to obtain clarification of requirements. No inquiries will be accepted after the date and time indicated in the Schedule of Activities. Email inquiries must be sent to Mark Close at Mark.Close@state.sd.us with the subject line "RFP #2078."

The Department of Social Services, Division of Medical Services will respond to offeror's inquiries by posting the responses to the DSS website at <http://dss.sd.gov/rfp/index.asp>. Offerors may not rely on any other statements, either of a written or oral nature, that alter any specification or other term or condition of this RFP. Offerors will be notified in the same manner as indicated above regarding any modifications to this RFP.

1.11 PROPRIETARY INFORMATION

The proposal of the successful offeror(s) becomes public information. Proprietary information can be protected under limited circumstances such as client lists and non-public financial statements. Pricing and service elements are not considered proprietary. An entire proposal may not be marked as proprietary. Offerors must clearly identify in the Executive Summary and mark in the body of the proposal any specific proprietary information they are requesting to be protected. The Executive Summary must contain specific justification explaining why the information is to be protected. Proposals may be reviewed and evaluated by any person at the discretion of the State. All materials submitted become the property of the State of South Dakota and may be returned only at the State's option.

1.12 LENGTH OF CONTRACT

The Contract is expected to begin April 16, 2013 and is expected to continue through September of 2014.

1.13 GOVERNING LAW

Venue for any and all legal action regarding or arising out of the transaction covered herein shall be solely in the State of South Dakota. The laws of South Dakota shall govern this transaction.

1.14 DISCUSSIONS WITH OFFERORS (ORAL PRESENTATION/NEGOTIATIONS)

An oral presentation by an offeror to clarify a proposal may be required at the sole discretion of the State. However, the State may award a contract based on the initial proposals received without discussion with the offeror. If oral presentations are required, they will be scheduled after the submission of proposals. Oral presentations will be made at the offeror's expense.

This process is a Request for Proposal/Competitive Negotiation process. Each Proposal shall be evaluated, and each respondent shall be available for negotiation meetings at the State's request. The State reserves the right to negotiate on any and/or all components of every proposal submitted. From the time the proposals are submitted until the formal award of a contract, each proposal is considered a working document and as such, will be kept confidential. The negotiation discussions will also be held as confidential until such time as the award is completed.

2.0 STANDARD AGREEMENT TERMS AND CONDITIONS

Any contract or agreement resulting from this RFP will include the State's standard terms and conditions as seen in Attachment A.

3.0 SCOPE OF WORK

An efficient and robust Medicaid program is essential to the Department of Social Services' vision of strong families as being South Dakota's foundation and future. One of the key components of an effective Medicaid program is the timely and accurate processing of Medicaid claims.

In order to streamline health care administrative transactions, encourage greater use of standards by health care providers, and make existing standards work more efficiently, the U.S. Department of Health and Human Services adopted the ICD-10 diagnosis code standards by final rule. ICD-10 is a system for coding diseases, signs, symptoms, abnormal findings, complaints, social circumstances, and external causes of injury or diseases, as classified by the World Health Organization and is used world-wide for morbidity and mortality statistics, reimbursement systems, and automated decision support in health care. ICD-10-CM (Clinical Modification) is used in the coding of healthcare diagnoses and ICD-10-PCS (Procedure Coding System) is used for inpatient hospital procedure coding. Adopting these required standards will assist South Dakota to improve continuity of care for its

residents as a component in facilitating enhanced Health Information Exchange (HIE) between various health care organizations and the State; furthermore, it will improve health outcomes for the residents of South Dakota by facilitating enhanced tracking and reporting used in trend analysis to target wellness efforts throughout the state; and maximize efficiency and accuracy in the processing of claims through more specific coding of diagnoses.

The selected vendor must have the capacity, requisite experience, and expertise to provide an effective, efficient strategy for South Dakota Department of Social Services to meet all standards associated with and defined by CMS as part of the HIPAA Administrative Simplification Final rule announced on January 16, 2009, requiring ICD-10 coding standards.

There are two major components to this effort: first, the Business Process Impact Assessment must identify the areas in DSS which will be impacted by the adoption of ICD-10; and second, the Implementation Plan must provide a detailed project plan or roadmap for ICD-10 adoption. The solution proposed by the selected vendor must meet the following objectives:

Business Process Impact Assessment

- 3.1** Create a listing of internal and external stakeholders where ICD-9 coding is being used and the capacity in which ICD-9 is being used;
- 3.2** Create a mapping of ICD-9 relationships between internal and external business stakeholders detailing where ICD-9 information is being exchanged. This should be diagrammed;
- 3.3** Identify, document, and discuss the potential impacts for all internal and external stakeholders as a result of migrating to ICD-10. The impacts should be numbered accordingly for reference;
- 3.4** List an inventory of South Dakota information systems involved in storing, maintaining, processing, and transmitting ICD-10 information;
- 3.5** Specify scenarios of the number of days following award of contract the vendor estimates the proposed solution will be fully analyzed and recommended;
- 3.6** Define the potential impact of ICD-10 adoption to other in-process projects;
- 3.7** Propose optional solutions that are able to be implemented and reach full compliance by October 1, 2014;
- 3.8** Include options of best possible solutions with and without remediation of the legacy MMIS, Point of Sale (POS) and the new system being developed, SD MEDX;
- 3.9** Define how solutions will minimize impact for interface with South Dakota's existing Medicaid claims process in the daily operation of the State's MMIS and POS, including the step up step down 5010 solution for electronic transaction standards;
- 3.10** Explain how solutions will maximize efficiency and accuracy in the processing of claims through more specific coding of diagnoses. Be able to crosswalk all valid incoming ICD-10 diagnosis codes into ICD-9 format;
- 3.11** Expound solutions' capability to improve health outcomes for the residents of South Dakota by facilitating enhanced tracking and reporting used in trend analysis to target wellness efforts throughout the state;
- 3.12** Define solutions' ability to provide for secure transmitting of claims. Vendor's proposal must provide details on security regulations;
- 3.13** Provide solutions' capacity for detail and summary reports, both scheduled and on-demand, on the performance of the claims transaction system and the POS system;

- 3.14** Identify any licensing, software, or hardware requirements the State's MMIS and POS must provide in order to implement the vendor's recommended solution;
- 3.15** Hold a series of training sessions to educate State staff on the ICD-10 impacts outlined in the ICD-10 Impact Assessment. The requirements for quantity and participation of the sessions are to be determined by the vendor as a result of the findings in the Impact Analysis. The requirements should be developed in consultation with the State project team;

ICD-10 Implementation Plan

- 3.16** Provide a project plan which contains a proposed approach for ICD-10 adoption in the South Dakota DSS Enterprise. It should recommend how South Dakota DSS should proceed in migrating from ICD-9 to ICD-10. The Implementation plan should follow after all of the potential ICD-10 business impacts have been identified and discussed. This should include the following:
 - 3.17** Address best practices for each of the identified impacts, make recommendations to best implement ICD-10 in each of the areas, and include a hierarchy of steps for which areas need to be addressed first for a smooth implementation. Special attention should be paid to the following:
 - 3.17.1** Priority of Implementation based on the level of impact to the DSS business model;
 - 3.17.2** Level of detail of ICD-10 coding needed to satisfy the business processes of each stakeholder;
 - 3.17.3** Environmental factors in the State or DSS organizations that could preclude a less than optimum and fiscally neutral implementation of ICD-10;
 - 3.17.4** Coordination, compliance, or acceptance of any national standards for ICD-10 that either currently exist or are under development;
 - 3.17.5** Highlighting of tasks needed to ensure mapping of DSM-IV codes to new ICD-10 coding being addressed in the conversion;
 - 3.17.6** Consultation with and inclusion of experienced, knowledgeable State coding staff in the development of the ICD-10 conversion plan;
- 3.18** Create a "traditional" Microsoft Project based project plan for achieving the production of deliverables including, but not limited to the following:
 - 3.18.1** Priority of Implementation based on the level of impact to the DSS business model;
 - 3.18.2** Consideration of other in-process or planned projects that may share resources or impact ICD-10 efforts;
 - 3.18.2** A description of tasks and activities in a Work Breakdown Structure (WBS);
 - 3.18.3** Recommended/proposed resources needed to complete the tasks and activities;

- 3.18.4** A Gantt chart detailing project milestones and schedule, as well as identifying the predecessors as explained in “Part 1” of the Implementation Plan;
- 3.18.5** A Risk Identification and Management Plan;
- 3.18.6** An “Executive Summary” providing an overview and explanation of the project plan highlighting the key topics;
- 3.19** Provide program management, oversight, subject matter expertise, and technical assistance to DSS in order to manage the implementation of the selected ICD-10 remediation strategies;
- 3.20** Provide acceptance testing services related to the implementation of system changes and oversight of integration test management services;
- 3.21** Establish a quality management framework to assure DSS of the quality and accuracy of the selected implementation and remediation strategies;
- 3.22** Assist in creating and updating information necessary to support DSS submission of any Advanced Planning Documents (APDs) in order for DSS to secure enhanced federal funding from the Centers for Medicare & Medicaid Services (CMS);
- 3.23** Assist DSS in the selection and procurement of an IV&V contractor for the ICD-10 implementation solution;
- 3.24** Assist DSS in the selection and procurement of the recommended ICD-10 solution;
- 3.25** Assist in creating and updating information necessary to support DSS submission of an RFP to secure a recommended ICD-10 solution;

4.0 PROPOSAL REQUIREMENTS AND COMPANY QUALIFICATIONS

- 4.1** The offeror is cautioned that it is the offeror's sole responsibility to submit information related to the evaluation categories and that the State of South Dakota is under no obligation to solicit such information if it is not included with the proposal. The offeror's failure to submit such information may cause an adverse impact on the evaluation of the proposal.
- 4.2 Offeror's Contacts:** Offerors and their agents (including subcontractors, employees, consultants, or anyone else acting on their behalf) must direct all of their questions or comments regarding the RFP, the evaluation, etc. to the buyer of record indicated on the first page of this RFP. Offerors and their agents may not contact any state employee other than the buyer of record regarding any of these matters during the solicitation and evaluation process. Inappropriate contacts are grounds for suspension and/or exclusion from specific procurements. Offerors and their agents who have questions regarding this matter should contact the buyer of record.
- 4.3** The offeror **MUST** submit a copy of their most recent independently audited financial statements.
- 4.4** Provide the following information related to at least three previous and current service/contracts performed by the offeror's organization which are similar to the requirements of this RFP. Provide this information for any service/contract that has been terminated, expired or not renewed in the past three years:

- a. Name, address and telephone number of client/contracting agency and a representative of that agency who may be contacted for verification of all information submitted;
 - b. Dates of the service/contract; and
 - c. A brief, written description of the specific prior services performed and requirements thereof;
- 4.5 Describe your familiarity with the project location of Pierre SD. Give specific examples of similar environments where you worked on projects.
- 4.6 Provide your availability to the project locale of Pierre SD. Explain in detail your plans to be onsite during the project.
- 4.7 Provide specific examples to at least three previous or current service/contracts where you used special handling in order to overcome project constraints. For each of these examples, describe in detail what you considered to be special handling and what you did that went above and beyond normal project terms.
- 4.8 If an offeror's proposal is not accepted by the State, the proposal will not be reviewed/evaluated.

5.0 PROPOSAL RESPONSE FORMAT

- 5.1 An original and 5 copies shall be submitted.
 - 5.1.1 In addition, the offeror should provide one (1) copy of their entire proposal, including all attachments, in PDF electronic format. Offerors may not send the electronically formatted copy of their proposal via email.
 - 5.1.2 The proposal should be page numbered and should have an index and/or a table of contents referencing the appropriate page number.
- 5.2 All proposals must be organized and tabbed with labels for the following headings:
 - 5.2.1 **RFP Form.** The State's Request for Proposal form completed and signed.
 - 5.2.2 **Executive Summary.** The one or two page executive summary is to briefly describe the offeror's proposal. This summary should highlight the major features of the proposal. It must indicate any requirements that cannot be met by the offeror. The reader should be able to determine the essence of the proposal by reading the executive summary. Proprietary information requests should be identified in this section.
 - 5.2.3 **Detailed Response.** This section should constitute the major portion of the proposal and must contain at least the following information:
 - 5.2.3.1 A complete narrative of the offeror's assessment of the work to be performed, the offeror's ability and approach, and the resources necessary to fulfill the requirements. This should demonstrate the offeror's understanding of the desired overall performance expectations;
 - 5.2.3.2 A specific point-by-point response, in the order listed, to each requirement in the RFP. The response should identify each requirement being addressed as enumerated in the RFP;
 - 5.2.3.3 A clear description of any options or alternatives proposed;

- 5.2.4 Cost Proposal.** Cost will be evaluated independently from the technical proposal. Offerors may submit multiple cost proposals. All costs related to the provision of the required services must be included in each cost proposal offered.

The cost proposal must be submitted in a separate sealed envelope labeled “Cost Proposal” as outlined in section 1.6 of this RFP.

See section 7.0 for more information related to the cost proposal.

6.0 PROPOSAL EVALUATION AND AWARD PROCESS

- 6.1** After determining that a proposal satisfies the mandatory requirements stated in the Request for Proposal, the evaluator(s) shall use subjective judgment in conducting a comparative assessment of the proposal by considering each of the following criteria:
- 6.1.1** Specialized expertise, capabilities, and technical competence as demonstrated by the proposed approach and methodology to meet the project requirements (20%);
 - 6.1.2** Cost of proposal (20%);
 - 6.1.3** Resources available to perform the work, including any specialized services, within the specified time limits for the project (15%);
 - 6.1.4** Record of past performance, including price and cost data from previous projects, quality of work, ability to meet schedules, cost control, and contract administration (15%);
 - 6.1.5** Availability to the project locale (10%);
 - 6.1.6** Familiarity with the project locale (5%);
 - 6.1.7** Proposed project management techniques (10%);
 - 6.1.8** Ability and proven history in handling special project constraints (5%);
- 6.2** Experience and reliability of the offeror's organization are considered subjectively in the evaluation process. Therefore, the offeror is advised to submit any information which documents successful and reliable experience in past performances, especially those performances related to the requirements of this RFP.
- 6.3** The qualifications of the personnel proposed by the offeror to perform the requirements of this RFP, whether from the offeror's organization or from a proposed subcontractor, will be subjectively evaluated. Therefore, the offeror should submit detailed information related to the experience and qualifications, including education and training, of proposed personnel.
- 6.4** The State reserves the right to reject any or all proposals, waive technicalities, and make award(s) as deemed to be in the best interest of the State of South Dakota.
- 6.5 Award:** The requesting agency and the highest ranked offeror shall mutually discuss and refine the scope of services for the project and shall negotiate terms, including compensation and performance schedule.
- 6.5.1** If the agency and the highest ranked offeror are unable for any reason to negotiate a contract at a compensation level that is reasonable and fair to the agency, the agency shall, either orally or in writing, terminate negotiations with the contractor. The agency may then negotiate with the next highest ranked contractor.
 - 6.5.2** The negotiation process may continue through successive offerors, according to agency ranking, until an agreement is reached or the agency terminates the contracting process.

COST PROPOSAL

The vendor's cost proposal must include the total, monthly, and deliverable costs for performance of the contract. All costs related to the provision of the required services must be included in each cost proposal offered.

Deliverable	Proposed Time Estimate to Complete	Proposed Cost
ICD-10 Business Impact Analysis (40%)		\$
ICD-10 Implementation Plan (40%)		\$
ICD-10 Project Training (10%)		\$
ICD-10 Procurement Assistance (10%)		\$
Total Cost of Deliverables		\$